

**Veterans Services Foundation
Meeting Minutes
March 9, 2005**

A meeting of the Veterans Services Foundation (VSF) was held on March 9, 2005, at the Virginia War Memorial in Richmond.

Members Present

John Anderson; Supriya Christopher; Margaret Eure; Leroy Gross; John Hanson; Frank Louthan; and Jon Mangis.

Members Absent

Lydia Dudley; Frederic Leigh and Raymond Smoot.

Others Present

Sheryl Bailey, Deputy Secretary of Administration; Steven Combs, Assistant to the Commissioner, Virginia Department of Veterans Services; Rhonda Earman, Administrative Supervisor, Virginia Department of Veterans Services; and Flora Hezel, Assistant Attorney General, Office of the Attorney General.

Materials Distributed

Meeting Agenda; draft Minutes of the December 15, 2004, meeting; Veterans Services Fund Sub-Fund Activity Balance Sheet; Veterans Services Fund Financial Donations draft policy; and 2005 Legislative Update.

Call to Order

With a quorum of 7 of 10 members present, Chairman John Hanson called the meeting to order at approximately 11:00 a.m. Mr. Hanson introduced Jon Hatfield, Executive Director of the War Memorial. Mr. Hatfield welcomed everyone and distributed a handout on upcoming War Memorial events.

Approval of Minutes

A **motion** was made, seconded, and passed unanimously to adopt the minutes of the December 15, 2004 meeting, with the following change:

P. 5, 2nd Full ¶ – the phrase “Commissioner Mangis noted that one third of all veterans are homeless . . .” should be replaced with “Commissioner Mangis noted that veterans account for one third of the homeless population . . .”

Comments from the Chairs

Chairman Hanson welcomed new member Supriya Christopher, a former U. S. Army officer and the wife of a U. S. Navy officer. Ms. Christopher thanked Mr. Hanson for the opportunity to serve Virginia’s veterans and provided additional details about her background, experience, and current activities, including the fact that she is a candidate for the 84th District House of Delegates seat.

John Anderson stated that he is pleased with the direction Virginia is going with regard to veterans issues. Dr. Anderson said that significant progress was made with the veterans legislation passed during the 2005 General Assembly session and by Governor Warner's initiatives in support of veterans. Dr. Anderson advised the Foundation members that the Board of Veterans Services' strategic planning process would move forward once the 2004-2006 biennial budget amendments have been finalized.

Commissioner's Update

Commissioner Mangis introduced Assistant Attorney General Flora Hezel and asked her to update the Trustees on the status of the Foundation's 501(c)(3) application.

Ms. Hezel said that the IRS had recently made changes to the 501(c)(3) application process and form, and that the application form was somewhat more complex than before, but that the procedural steps have been streamlined. Ms. Hezel advised that currently, the IRS has an approximate 6-month backlog for reviewing and acting on 501(c)(3) applications. Ms. Hezel said that request for expedited review may be made, but one of the criteria for making such a request is that approval of a pending funding appropriation or donation is contingent upon 501(c)(3) status. Since donations to the Veterans Services Fund already are tax deductible, the Foundation's request for expedited review might not qualify.

Ms. Hezel stated that the preliminary 501(c)(3) application is nearly complete, with some accompanying forms remaining to be done. The paperwork could be ready to submit to the IRS by the end of March, with the approval of the Trustees. Ms. Hezel said she sees no reason why the IRS would not approve the Foundation's application for 501(c)(3) status. Ms. Hezel emphasized that even though donations to the Foundation already are tax deductible, the 501(c)(3) status would provide the independence and assurance that the funds would be protected from reverting to the General Fund. Ms. Hezel was asked if the Veterans Service Foundation received 501(c)(3) status, whether it would take an act of the General Assembly for the Foundation's funds to revert to the General Fund, and Ms. Hezel responded that it would.

Commissioner Mangis then asked Mr. Combs to review the draft procedures for handling donations, as well as a proposed acknowledgement letter to be sent to donors. Mr. Combs said that the procedures and letter address the issues of unallocated funds, interest and tax exempt status. Mr. Combs also said the procedures might be posted to the DVS Web site, once they become final. Mr. Mangis said he is proposing that he sign the letter because of the logistical problems associated with getting them to the Foundation's Chairman for signature. The Trustees agreed this would be a good idea for smaller donations, but suggested that both the Chairman and the Commissioner sign letters acknowledging large donations.

Ms. Eure suggested that a memo be sent to all DVS employees explaining the donation procedures. Dr. Bailey added that it might also be a good idea for the DVS employee accepting the donation to provide his or her business card to the donor at the time the donation is made. Dr. Anderson emphasized the importance of an audit trail for all donations and suggested adding

the words “of the Foundation” after “Trustees” in the first sentence of Section 1.5 of the procedures. Another suggestion was that DVS employees accepting donations complete an “After Action Report” for recording keeping and audit purposes.

Mr. Louthan suggested that there be an “escape clause” for donations.

Mr. Combs reported that one of the recent disbursements from the Veterans Service Fund was for the Virginia Veterans Care Center’s “Operation Holiday Spirit” in the amount of \$16,090. Mr. Combs remarked that the event was a huge success again this year.

Commissioner Mangis then reported on veterans legislation during the 2005 General Assembly session. Mr. Mangis said that HB 1682, which expands eligibility for the War Orphans Education Program, was passed. A question was raised as to how prospective beneficiaries of the program are made aware of its existence. Mr. Mangis responded that the admissions and financial aid offices in colleges and universities have information on the program, and that State Approving Agency staff conduct regular visits to those institutions to ensure the program is publicized among student populations. Mr. Mangis also said that the program is well known in veterans circles and that the information on it is posted to the DVS web site and available in DVS field offices.

Commissioner Mangis reported that SJ 441, which would have memorialized Congress to increase the federal burial allowance from \$300 to \$750, was left in the Senate Rules Committee. Dr. Bailey added that, because so many similar resolutions that impact national and international policy are introduced each year, the General Assembly has become reluctant to consider them. Dr. Bailey emphasized, though, that the Virginia Congressional Delegation is aware of the need to increase the allowance and that Governor Warner and the National Governors Association are also addressing the issue. Commissioner Mangis emphasized that even if the resolution were passed, it is unlikely Congress would have acted on it this year.

Commissioner Mangis said that HB 2428, which strengthens the veterans hiring preference in state and local government, especially as it relates to disabled veterans, also had passed.

Commissioner Mangis advised the Trustees that HB 2850 and a corresponding budget amendment offered by Delegate Cox that would provide a treasury loan to cover the state’s share of the cost to restore the domiciliary beds at the Sitter-Barfoot Care Center, was passed as well. On a related item, Commissioner Mangis said that President’s Bush’s recent budget proposal to Congress places a moratorium on construction grants to long-term care facilities, while a study on this issue is conducted.

Commissioner Mangis reported that HB 2851, and a corresponding budget amendment offered by Delegate Cox, also had passed. These measures add \$300,000 to Governor Warner’s already recommended \$630,672 increase for DVS. The bill requires the Commissioner to ensure the number of employees assigned to the processing of benefit claims is sufficient to maintain a ratio of one staff person for every 26,212 veterans, and that the personnel assigned to processing

benefit claims provide these services to veterans in locations other than the service office at least one day per week.

Commissioner Mangis also reported on a \$50,000 maintenance reserve fund that must be spent by the end of Fiscal Year 2005, and said the funds probably would be allocated for maintenance and repairs at the Virginia Veterans Cemetery in Amelia.

Commissioner Mangis said a budget amendment offered by Senator Puller also had passed and provides \$50,000 to support a study of the need for a veterans care center in the Hampton Roads area. Mr. Mangis said the funds might be used to update an earlier study that recommended a third care center in Virginia. Ms. Eure suggested that the Foundation develop a resolution supporting this recommendation. Mr. Mangis responded that such a resolution would be sought from all the DVS boards and councils after the study is complete.

Dr. Anderson suggested that summary of the 2005 veterans legislation be placed in the next DVS newsletter.

Commissioner Mangis then reported on the progress of the Sitter-Barfoot Care Center by saying that the VA's checklist of items will be completed by the March 14 deadline. Commissioner Mangis said he met recently with attorneys from the U.S. Department of Veterans Affairs (USDVA) and the Office of the Attorney General to resolve some easement issues, and that no problems with the transfer of the title are anticipated.

Commissioner Mangis emphasized the importance of state veterans homes being situated adjacent to USDVA medical centers for easy transport of patients and to allow for sharing of resources and operational partnerships. Mr. Mangis said that Virginia's state veterans homes purchase pharmaceuticals on the same schedule that the USDVA does.

Commissioner Mangis then requested approval for the following disbursements from the Veterans Services Fund:

\$2,564 to meet the personal needs of indigent residents at the VVCC, such as hair cuts, clothing, dentures, eyeglasses, etc.; and

\$300 for a donation from the Roanoke Elks Lodge for the purchase of treadmill equipment for the VVCC rehabilitation department.

A motion was made, seconded and passed unanimously to approve these disbursements.

Commissioner Mangis then reported on a database project DVS is working on. Currently, DVS pays \$8,000 annually for a "VetRex" veterans claims database license, and that this year's license renewal is due in May. Mr. Mangis said that DVS Information Technology staff have developed a database program using the Microsoft Access application, and that a beta version of the program is now being tested in one of the DVS field offices. If DVS were to begin using with

the DVS-developed program instead of the VetRex program, it would require an initial investment of approximately \$12,000, which includes Microsoft Access license fees for each office, installation, testing, and staff training costs. Mr. Mangis said that if the testing goes well and the decision is made to go forward with the pilot program, he may request an allocation from the Veterans Services Fund to support some or all of the cost, since DVS does not have the funding for it in its FY05 operational budget.

Discussion followed, and Ms. Eure suggested that DVS might want to consult with Microsoft before launching the program to ensure it does not infringe on the licensing of any Microsoft product. Mr. Louthan suggested that if a disbursement is made from the Veterans Services Fund for this purpose, it come from earned income, not donated income. Dr. Gross cautioned that DVS consider compatibility with other programs and applications, as well as the cost of future upgrades to the system. Dr. Bailey asked Commissioner Mangis to contact her on this issue after the meeting, saying that an allocation of DPB's discretionary fund might be available for this purpose. Dr. Bailey also said a supplemental agreement with the Virginia Information Technology Agency to assist with this process might also be possible.

New Business

Ms. Eure raised the issue of veterans license plates, which had been discussed at earlier meetings. Discussion followed as to whether a portion of the fees for existing veterans plates could be allocated to the Veterans Services Fund. Mr. Combs responded the all such fees currently go to the DMV to cover the production and administrative costs, and that the General Assembly would need to approve a special, revenue-generating plate for allocation to the Veterans Service Fund. Mr. Hanson suggested that the possibility of reallocating to the Veterans Services Fund some of DMV's administrative costs be further investigated, and Dr. Bailey recommended that the Board of Veterans Services establish a task force for this purpose.

Ms. Eure also said she recently had attended a meeting of a local ad-hoc advisory committee associated with the Albert G. Horton, Jr. Memorial Veterans Cemetery. Ms. Eure advised the Trustees that the committee would like to raise funds for the purchase of a bell tower for the cemetery. Ms. Eure said that Cemetery Administrator Dan Kemano had advised the local committee that DVS would maintain the tower out of its operating budget once it is constructed.

Ms. Eure said she suggested to the local committee that these funds be donated to the Veterans Services Fund, but asked that if the money were not used for the bell tower, could the funds be dedicated strictly for another cemetery project in the future. The idea of establishing a "Friends of the Horton Cemetery" organization to accept and maintain these types of donations was discussed. Mr. Hanson said it was important to define how this type of organization would relate to the Foundation and that a security mechanism be put in place to protect the funds from being allocated for a purpose not intended.

Dr. Bailey asked Ms. Hezel that, if a special, non-reverting fund were established for these donations, would they be protected from reverting to the General Fund. Ms. Hezel said it would

provide a measure of security but no guarantee. Ms. Hezel added that the only way to ensure the funds are protected is to establish an independent, non-profit organization.

Dr. Gross asked DVS to research a misappropriation of funds claim that occurred when a group of WWII veterans raised money for the National D-Day Memorial in Bedford, Virginia. The claim gave rise to litigation, which is pending in state court. Dr. Gross said research on this case might identify pitfalls that the Foundation could avoid when developing its donation procedures.

Dr. Bailey spoke on the actions Governor Warner has taken in support of veterans since he took office in 2001. In 2003, Governor Warner restructured the Department and established citizens boards and councils. And, even when facing a \$6 billion state budget shortfall in the second year, Governor Warner's cuts to the DVS budget were less than half of those of other state agencies. This year, Governor Warner requested an increase in DVS funding by over \$600,000. Dr. Bailey noted that, unfortunately, the Governor's budget recommendations for DVS may be negated by the General Assembly's decision to make this year's funding appropriations retroactive to June of 2004. Mr. Combs added that Governor Warner also declared March, 2005 as "Hire Vets First Month."

Public Comments

There were no public comments.

Next Meeting

The next meeting of the VSF was scheduled for June 8, 2005, at 11:00 a.m., with the meeting site to be determined.

Adjournment

There being no further business, the meeting was adjourned at approximately 2:00 p.m.